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SUBJECT: UN OVERSIGHT: JIU LACUNAE REPORT (A/60/860)

¶1. This is an action request. USUN seeks Department guidance on the JIU Report on "Oversight Lacunae in the United Nations System" summarized below in time for imminent discussions in the Fifth Committee on UN oversight and accountability.

¶2. SUMMARY: The UN Joint Inspection Unit (JIU) has released a report assessing UN oversight mechanisms intended to identify gaps, shortcomings and inconsistencies in UN oversight capabilities (A/60/860). The JIU report originally was proposed to the General Assembly in October 2005 (A/60/34) as part of JIU's intended work program for 2005. In light of the Outcome Document's request for an external review of UN oversight and the JIU's own role in UN system oversight, the U.S. and some other delegations were against the proposal, but JIU conducted the assessment anyway. The JIU defined its primary objective in preparing the report as establishing whether internal mechanisms were in place to review allegations of wrongdoing against senior UN officials, assessing the adequacy of existing mechanisms, and determining where final responsibility for the outcome of such cases should lie. The report underscored that Members States have primary responsibility for oversight of the UN system. States delegate some oversight authority to the secretariats of various organizations within the UN, and some

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to external oversight bodies. END SUMMARY

¶3. The JIU report notes there are two sets of oversight mechanisms: external and internal. Both can be subdivided into different offices or agencies that focus on various aspects of monitoring. Externally, two system-wide oversight mechanisms exist: operational and policy/review. The operational mechanisms include the UN Board of Auditors (BOA), a panel of external auditors of specialized agencies and IAEA, and the JIU. The policy and review mechanisms are the Committee for Program and Coordination (CPC), and the International Civil Service Commission (ICSC). The UN's internal oversight responsibilities are largely fulfilled by the Office of Internal Oversight Services (OIOS), which provides internal auditing, investigation, program monitoring, and consulting.

¶4. The success of UN oversight mechanisms is contingent on how well these external and internal mechanisms coordinate. The JIU report maintains duplication among the oversight bodies can be avoided while still ensuring effective oversight, provided there is healthy coordination and cooperation among them. There are numerous formal and informal forums in which such coordination occurs (JIU Report - Paragraph 17).

¶5. The JIU report concludes that, "there is nothing intrinsically deficient with either the design or the mandates of the overall system of oversight in the United Nations System" (JIU Report - Paragraph 18). However, JIU inspectors recommended that Member States take stock of the UN oversight system as a whole and work collectively to

address problems across the system that may arise. JIU recommends the establishment of Oversight Boards to help structure coordination between external and internal mechanisms on a system-wide basis. Ideally, this will help reduce conflicts of interest, duplication, and lack of representation.

#### DEFICIENCIES

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¶6. The JIU report identified external oversight deficiencies in the following areas:

- a. no individual or collective accountability - External oversight bodies should be subject to peer-review;
- b. lack of financial independence - The external oversight bodies should not be subject to scrutiny by the entities which are the object of their oversight;
- c. lack of investigative capacity in respect to executive heads and internal oversight heads; and,
- d. potential overlap in the scope of the external and internal audits.

¶7. Among internal oversight deficiencies, the JIU identified:

- a. fragmentation of internal oversight functions;
- b. lack of provision for investigation functions;
- c. lack of mechanisms to encourage reporting of wrongdoing;
- d. insufficient independence of oversight bodies;
- e. unsatisfactory procedures for appointing the head of internal oversight;
- f. inadequate reporting modalities;
- g. inadequate follow-up to internal oversight recommendations;
- h. lack of review of the performance of most internal oversight functions; and,
- i. insufficient resources.

#### JIU RECOMMENDATIONS

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¶8. The JIU report offers a number of specific recommendations (17 Total) to correct oversight deficiencies, including:

- the Legislative bodies of the UN system should establish an independent external oversight board composed of five to seven members, elected by Member States;
- the General Assembly should decide that ACABQ, ICSC and JIU should be subject to peer review at least every five years;
- the General Assembly should decide that ICSC and JIU create their own budgets and that ACABQ should create its own budget;
- members of ACABQ, ICSC and JIU and other similar bodies within the UN should not be allowed to serve in any organization which they have had oversight responsibilities during their tenure and for three years following the cessation of their oversight responsibility;
- Term limits should be established for external auditors of the UN and staff;
- executive heads should review the structure of their respective oversight organizations;
- audit, inspection, investigation and evaluation should be consolidated into one position that reports directly to the executive head of each department/program;
- anything beyond these 4 areas should be positioned elsewhere in the secretariat and not in the internal oversight unit;
- the executive heads should:
  - a. Review capacity of organization;
  - b. Ensure minimal investigative capacity is

sufficient;

- c. Ensure investigation are not interfered with by senior management;
- d. Ensure independent reporting is established;

-- safeguards from retaliation should be established to protect those who report wrongdoing and misconduct;

-- the legislative bodies of each organization should decide all budgets to be drawn up by the internal oversight entity.

-- concerning the appointment to heads of internal oversight:

- a. Announcements should be widely publicized;
- b. Appointment should be subject to consultation;
- c. Termination should be for just cause - subject to review;
- d. Non-renewable 5-7 year tenure should be established;

-- executive heads should place minimum standards on:

- a. Internal oversight reports;
- b. Annual internal oversight summary;
- c. Individual internal audit, inspection and evaluation reports;
- d. Individual investigation reports.

-- with respect to follow-up oversight, the legislative bodies in each organization should direct their respective heads to ensure:

- a. A database is created to monitor follow-ups.
- b. The annual internal oversight summary report contains a summary of oversight recommendations not fully implemented;

-- the legislative bodies in each organization should direct their respective executive heads to ensure independent quality assessment (e.g. peer review) at least once every five years;

-- the legislative bodies in each organization should adopt the following standards:

- a. If biennial resources are greater than USD 250 million, internal oversight unit is justified.
- b. If biennial resources are less than USD 250 million, Internal oversight should be in-sourced to any other organization in UN.

-- the legislative bodies in each organization should direct their respective executive heads to put forward proposals for the:

- a. Establishment of ethics function with clear terms of reference.

- b. Establishment of post of ethics officer at D-1/P-5 level.

- c. Mandatory integrity and ethics training for all staff

-- the legislative bodies in each organization should direct their respective executive heads to put forward proposals for the:

- a. Establishment of confidential financial disclosure requirements for all elected officials and all staff at D-1 level and above;
- b. Annual filing of the financial disclosure statements to the ethics officer for review; and,

-- the legislative bodies in each UN system organization should direct their respective executive heads to establish an effective mechanism for coordination among external and internal oversight bodies on a system-wide basis.

19. In short, the JIU report underscores the important role played by individual Member States in exercising oversight responsibilities. The JIU report suggested that annual meetings of the chairpersons of the external oversight boards would serve to enhance the coordination and cooperation while helping to determine best practices for achieving efficiency

and effectiveness in the oversight functions.  
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